



DEPARTMENT OF THE ARMY

U.S. Army Corps of Engineers
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF:

CERM-F

20 OCT 2000

MEMORANDUM FOR COMMANDERS/DIRECTORS, ALL MAJOR SUBORDINATE COMMANDS, CENTERS AND FIELD OPERATING ACTIVITIES

SUBJECT: Uncollectible Delinquent Accounts Receivable

1. References:

- a. ER 37-2-10 Chapter 4, Accounting and Reporting, Civil Works Activities.
- b. DFAS-IN Regulation 37-1, Finance and Accounting Policy Implementation, Chapter 17, January 2000.
- c. DoD Financial Management Regulation 7000.14-R Part Two (Debt Management), Volume 5 (Disbursing Procedures), August 1999.
- d. Memorandum, CERM-F dated 20 August 1997, subject Delinquent Accounts Receivable Procedures and Uncollectible (Bad Debt) Expense.

2. This policy supersedes previous policy and will be incorporated into the next change to ER 37-2-10.

3. At the end of each fiscal year, all USACE activities will establish in the official accounting records, an estimated value of current year accounts receivable which are likely to become uncollectible. No later than 15 Sep of each year, all CEFMS sites must calculate and age their current year receivables due from the public (class = PB). To estimate the allowance for bad debt and corresponding current year expense, calculate the following:

Public receivables 0-90 days overdue	no action
Public receivables 91-150 days overdue X 2% =	\$ _____
Public receivables 151-210 days overdue X 3% =	\$ _____
Public receivables 211-300 days overdue X 5% =	\$ _____
Public receivables 301-360 days overdue X 8% =	\$ _____

Sum = Allowance for Bad Debt and Current FY Expense = \$ _____

4. All USACE activities must intensify efforts to collect delinquent accounts receivable, including assessment of interest, penalty, and administrative charges, as appropriate, to stimulate prompt payment of debts. Early involvement by the district/activity directors of resource

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management, as well as close coordination with the servicing Finance and Accounting Office, will facilitate collection efforts.

a. Amounts due from military and DoD activities must be collected via "No Check Drawn" Transaction for Others (TFO) procedures to the maximum extent possible. Reference 1.b. and 1.c. describe specific steps that must be taken prior to write-off of delinquent receivables against military appropriations.

b. Write-off receivables determined to be uncollectible, in accordance with procedures in chapter 4, ER 37-2-10, and chapter 31, Volume 5, DoD 7000.14-R. District claims attorney should provide write off instructions within one month after receiving an uncollectible account.

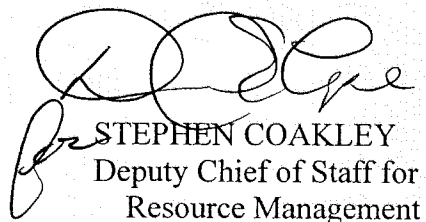
5. The FC has computed the prior year bad debt allowance and expense. The allowance and expense were reported at the corporate level for FY99 and FY00. The balance of the allowance account should be reviewed and adjusted for FY 01.

6. CEFMS procedures to implement this policy are attached as Enclosure 1.

7. Points of contact are: Policy, Aaron Polley, (202)761-4998; Accounting Operations, Cynthia Blevins, (901) 874-8408; and CEFMS Applications, Robert Richard, (256) 864-1836.

FOR THE COMMANDER:

Encl

 , Col, ADCSRM
STEPHEN COAKLEY
Deputy Chief of Staff for
Resource Management

CEFMS IMPLEMENTATION INSTRUCTIONS
Uncollectible Delinquent Accounts Receivable

1. ONE TIME RECORDING OF ALLOWANCE ACCOUNT

(Note: Dollar amounts were computed during FY99 and FY00 and posted at the corporate level. Procedures need to be established to record the dollar amounts identified to each district to the appropriate database for FY 01.)

2. TO ESTABLISH ESTIMATED VALUE OF CURRENT YEAR ACCOUNTS THAT ARE LIKELY TO BECOME UNCOLLECTIBLE:

a. Using CEFMS screen EST.AR, debit general ledger accounts code (GLAC) 6129.XXX, Bad Debts Expense, and credit GLAC 1319.XXX, Allowance for Loss on Accounts Receivable, to establish the annual estimate of anticipated bad debt write-off. This expense transaction occurs at the end of the fiscal year to ensure that the bad debt expense is incurred in the same accounting year as matching revenues are received.

b. GLAC 1319.XXX does not close at the end of the fiscal year, but rather carries forward the allowances as a credit balance into subsequent fiscal years.

3. TO WRITE OFF ACCOUNTS RECEIVABLE: Using CEFMS screen 9.16, post a debit to GLAC 1319.XXX and an offsetting credit to GLAC 1313.XXX, Accounts Receivable.